

Compliance and Reporting Committee (CRC)

HYBRID MEETING – 23RD OCTOBER 2023

ITEM 10 – PAPER E

WORKSTREAM UPDATE

This paper summarises the agreements and the work undertaken by each of the five workstreams since the last CRC meeting in June 2023. Each group has met twice since the last CRC meeting and the SAB secretariat wishes to thank all volunteers within each workstream for their input into each project.

Funding Strategy Statement (FSS) Guidance

Lead Officer	Rachel Brothwood (West Midlands Pension Fund)
Supported by	Ian Howe (Leicestershire CC); Sara Maxey (Essex CC); Nick Harvey (CIPFA), James Graham (Kent), Alan Wareham (DLUHC) and Julia Grace (Avon)
Start Date	September 2022
Target Completion Date	Target is set as Spring 2024 to allow funds to start to prepare for the 2023/24 reports, but this hasn't yet been confirmed. Although it is accepted that funds may need a full year (or longer) to make changes to data not currently collected in the 2023/24 reporting year.

Meetings since June 2023: 25th July 2023 and 19th September 2023

1. Current position

In July 2023, the group welcome a new member, Julia Grace from Avon Pension Fund.

Using the findings of a review of a sample of fund policies and workstream volunteers' feedback, the group has produced a high-level list of contents as a start to shape the new FSS guidance. During the review of sample policies, it was noted that there are many different styles and approaches used by funds but also a difference in terminology and depth of information provided. The high-level contents list combines a range of best practice examples produced by funds of varying size, location and actuarial adviser used. As a document largely covering actuarial assumptions, it is common for FSS documents to be similar in content across the funds who use the same actuary.

It was also noted that some funds use the FSS to state fund policy but also some go further to outline operational process, which was thought to be best practice by the workstream.

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As the current FSS guidance was produced in 2016 there are several topics not currently covered which the new guidance aims to address, such as an increase in the number of employers, setting up of academies/Multi Academy Trusts and treatment of specific employer events such as exits.

The timetable and process for moving to the next stage on this document is dependent on the outcome of Item 4 on the agenda.

2. Next steps:

Drafting final guidance timetable to be drawn up

Annual Report Guidance

Lead Officer Peter Worth (TAS Accounting)

Supported by Ian Howe (Leicestershire CC); Dominic Taylor (Staffordshire CC); Sara Maxey (Essex CC); Nick Harvey (CIPFA); George Graham (SYPF); Alan Wareham (DLUHC)

Start Date September 2022

Target Completion Date April 2024

Meetings since June 2023: 19th July 2023 and 2nd October 2023

3. Current position:

Throughout the last six months the workstream volunteers have worked together to identify the key changes required to the current Annual Report guidance issued by CIPFA and these have been agreed by the workstream.

It was reported at the last CRC meeting that administration teams will be invited to provide feedback separately on the current administration Key Performance Indicators (KPIs) and this was undertaken using volunteers from the National Technical Working Group.

A revised version of the guidance, with tracked changes from the old version and a checklist agreed by the group and DLUHC, is now ready to move to final drafting and public consultation. However, any new proposals from DLUHC's response to the recent [Investments Consultation](#), which affect the Annual Report guidance, do need to be considered and the SAB secretariat are in discussions with DLUHC about how these fit into the timetable, considering that the consultation has just closed.

It would be helpful to include any new proposals in the new guidance and DLUHC have been made aware of the drafting timetable so the new guidance can be applicable from April 2024, but available as early as possible to allow funds to prepare.

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4. Next steps:

The timetable and process for moving to the next stage on this document is dependent on the outcome of Item 4 on the agenda.

Audit Issues

Lead Officer	Nemashe Sivayogan (Merton LB)
Supported by	Melanie Stokes (Staffordshire CC); Sara Maxey (Essex CC); Nick Harvey (CIPFA); Sean Johns (Cornwall CC); Peter Worth (TAS Accounting); Joana Marfoh (Islington LB); Bola Tobun (Harrow LB), Amelia Pickard (The Institute of Chartered Accountants in England and Wales (ICAEW)), Alan Wareham (DLUHC)
Start Date	August 2022
Target Completion Date	To be confirmed

Meetings since June 2023: 3rd July 2023 and 4th October 2023

5. Current position:

At the last meeting of the working group, there was unfortunately no substantive update on finding an appropriate legislative vehicle to change primary legislation to allow the separation of pension fund accounts, and therefore audits, from the administering authority accounts. There is increasing speculation that the ARGAs Bill (which is a potential vehicle) will not now feature in the Kings Speech on 7 November.

At the Audit Summit in July 2023, the working group agreed that it would be useful to produce some guidance suitable for various audiences that would set out the timeline and information flow throughout a triennial valuation period to help aid understanding and signpost the different parties, and in particular auditors, to where they should be requesting the information that they need. Following the meeting, the group agreed a specification to procure a short, factual guide that would describe the flow of information between LGPS stakeholders throughout the triennial valuation cycle and the annual IAS19 valuation cycles. This would enable the various parties to understand who held what information, how it was being relied on, for what purpose and what assurances could be placed upon it (summarised as “where is the best version of the truth”). The proposed audience would be actuaries, auditors, fund practitioners and employers.

6. Next steps:

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The SAB secretariat is currently in discussions with the ICAEW on the different options for funding the production of this guidance.

Administration, Communications and Governance workstream (now called Good Governance and Administration)

Lead Officer	Jeff Dong (Swansea PF)
Supported by	Kevin Gerard (Carmarthenshire PF); Nick Harvey (CIPFA), Alan Wareham (DLUHC), Nemashe Sivayogan (Merton PF) and Jo Quarterman (Norfolk PF)
Start Date	November 2022
Target Completion Date	To be confirmed
Meetings since June 2023:	10 th July 2023 and 25 th September 2023

7. Current position:

The group suggested that the name of the workstream is changed to reflect the scope of its work more accurately to the 'Good Governance and Administration working group'.

The group reviewed the statutory guidance from DLUHC on the preparation of a Governance Compliance Statement but felt that as it was quite out of date, as it was issued in 2008. The group felt it would be difficult to update this document and therefore new guidance should be drafted from scratch, taking into consideration the recommendations made by SAB in 2021. The group have developed a list of topics to be included in the revised statutory guidance document and topics which could be produced as additional SAB guidance.

The SAB secretariat team has met with DLUHC over the Summer to progress this workstream.

The group provided detailed feedback on the suggested content for future statutory guidance, and this is being considered by DLUHC.

8. Next steps:

The group to provide any final comments to DLUHC for consideration when collating the statutory guidance consultation, and DLUHC to confirm when the consultation on replacement guidance will be (likely in 2024). SAB to consider how to include the production of SAB guidance on these issues as part of setting the 2024/2025 workplan.

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Knowledge and Skills Framework

Lead Officer	John Jones (Local Pension Board Chair)
Supported by	Karen Gibson (Dorset CC); Nick Harvey (CIPFA); Heidi Catherall (Cheshire PF); Justin Bridges (Shropshire PF); Alison Grange (Shropshire PF), Alan Wareham (DLUHC)
Start Date	December 2022
Target Completion Date	March 2023
Meetings since June 2023:	18 th July 2023 and 14 th September 2023

9. Current position:

The group have progressed with the recommendation made in the June 2023 CRC meeting to issue another survey specifically tailored to Pension Board and Committee members, as the completion of the survey issued earlier in the year by this cohort was low.

The group considered an initial draft at its September meeting and has now finalised the text.

The survey was issued on 13th October 2023 and closes on 29th October 2023.

Next steps:

The findings of the survey will be analysed and presented at the Governance conference in 2024 and discussed by members of the workstream to consider any new actions required.
